

Message Text

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DRAFTED BY AID/NESA:BRICHARDSON:BH

APPROVED BY NEA/ARP:FMDICKMAN

USCS:PMURPHY

AID/NESA:NLSWEET

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TO AMEMBASSY ABU DHABI PRIORITY

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E.O. 11652: N/A (DECONTROL 12/31/77)

TAGS: EGEN TC US

SUBJECT: REIMBURSABLE SERVICES: U.S. CUSTOMS ADVISOR

REF: ABU DHABI 2131

1. CONVEYED CONTENTS OF REFTEL TO CUSTOMS AND USCS VERY APPRECIATIVE OF PROMPT RESPONSE FROM GOVERNMENT AND DIRECTOR AL-SABAH'S COMMENTS ABOUT DESIRE TO PROCEED WITH THE ASSIGNMENT OF SELECTEE MURPHY AS SOON AS POSSIBLE.

2. WITH RESPECT TO AL-SABAH'S SUGGESTIONS ON WAYS OF REDUCING CASH OUTLAYS FOR PROJECT, WE WENT OVER BUDGET WITH USCS AND FOUND THAT WITH ABU DHABI GOVERNMENT PROVIDING ADDITIONAL BENEFITS SUGGESTED BY DIRECTOR AL-SABAH IT SHOULD BE POSSIBLE TO REDUCE CASH OUTLAY FOR PROJECT BY APPROXIMATELY DOLS. 21,509. DETAILED COMMENTS FOLLOW ON EACH OF SEPARATE POINTS RAISED PER REFTEL.

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A. (1) PERSONNEL BENEFITS. THIS ITEM INCLUDES ONLY

STANDARD USG COST CONTRIBUTIONS FOR PERSONNEL BENEFITS, SUCH AS RETIREMENT, HEALTH INSURANCE, LIFE INSURANCE, ETC. ITEM DOES NOT COVER COST OF LIVING ALLOWANCE.

(2) WE CAN REDUCE POST DIFFERENTIAL ITEM IN BUDGET BY DOLS. 3,450 TO NEW TOTAL DOLS 10,500. CUSTOMS SERVICE AND SELECTEE UNDERSTAND THAT ADVISORS' SALARY AND DIFFERENTIAL CANNOT EXCEED AMBASSADORS' PAY LEVEL.

B. PER DIEM. CUSTOMS APPRECIATES DIRECTOR SABAH'S OFFER TO HAVE HIS DEPARTMENT PROVIDE LODGING/MEAL ACCOMMODATIONS WHICH WILL REDUCE PER DIEM IN BUDGET TO DOLS. 3,500. THIS AMOUNT REQUIRED TO COVER MINIMUM PER DIEM COSTS WHEN FULL BOARD FURNISHED. MISSION SHOULD POINT OUT TO AL-SABAH THAT MINIMUM PER DIEM RATE IS FIXED BY STANDARD USG POLICY.

C. SHIPMENT OF EFFECTS. BASED UPON SABAH'S OFFER TO HAVE HIS DEPARTMENT PROVIDE CAR AND FURNISHED HOUSE TO ADVISOR THERE WILL BE A REDUCTION IN THE BUDGET ESTIMATE FOR THIS ITEM. WITH RESPECT TO CAR, CUSTOMS AGREES THAT PROVIDING PROJECT VEHICLE TO ADVISOR MIGHT OBVIATE NEED TO SHIP POV AND ADVISOR IS WILLING TO GIVE SABAH'S SUGGESTION A TRY. HOWEVER, CUSTOMS DOES NOT WANT TO WAIVE SHIPPING PRIVILEGE SINCE POV SHIPMENT IS A STANDARD PRIVILEGE FOR USG PERSONNEL. CUSTOMS POINTS OUT THAT PROJECT VEHICLE IS USED DURING DUTY HOURS FOR OFFICIAL USE AND POV MAY BE NEEDED DURING NORMAL WORK HOURS FOR PERSONAL NEED OF ADVISOR'S FAMILY. ALSO, CUSTOMS DOES NOT WANT TO ESTABLISH A PRECEDENT WHICH COULD CONFUSE AND COMPLICATE CUSTOMS TECHNICAL ASSISTANCE PROGRAMS IN THE FUTURE. FRANKLY, IT SEEMS TO US CUSTOMS POSITION IS VALID AND REASONABLE AND WE TRUST THAT SABAH WILL AGREE. BUDGET ESTIMATES FOR SHIPMENT OF EFFECTS CAN BE REDUCED BY DOLS. 3,700 BRINGING THIS ITEM TO A NEW TOTAL OF DOLS. 11,300.

D. POST ALLOWANCE. ACTUALLY, THIS ITEM IS ENTIRELY FOR EDUCATIONAL EXPENSES, CALCULATED ON THE BASIS OF TWO CHILDREN IN THE AMERICAN SCHOOL AT ABU DHABI AND TWO LIMITED OFFICIAL USE

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CHILDREN AT THE BAHRAIN SCHOOL. BASED ON ALLOWANCES CITED BY EMBASSY PER REFTTEL, WE CALCULATE THIS ITEM AT DOLS. 26,800 (I.E., TWO CHILDREN AT DOLS. 2,250 EACH YEAR FOR TWO YEARS AND TWO CHILDREN AT DOLS. 4,450 EACH CHILD EQUALS DOLS. 17,800; THUS TOTAL COST DOLS. 26,800);

E. OVERHEAD FIGURE. WE REVIEWED OVERHEAD RATE WITH CUSTOMS, AND ARE CONVINCED 9 PERCENT IS FAIR AND

REASONABLE RATE. THIS IS LOWEST RATE CHARGED BY USCS IN PASA AGREEMENTS WITH USG AGENCIES. AS STANDARD AGENCY PRACTICE CUSTOMS APPLIES OH RATE TO TOTAL PROJECT COSTS INCURRED, WITHOUT SETTING SEPARATE CEILING FOR OVERHEAD.

IN THIS CASE, SINCE AL-SABAH'S OFFER TO PROVIDE HOUSING/ FURNISHINGS, LODGING AND BOARD FOR TDY PERSONNEL, ETC., PROJECT COSTS WILL BE REDUCED APPROXIMATELY DOLS. 21,509 AND THIS IN TURN WILL LOWER OH BY SOME DOLS. 1,859 TO NEW TOTAL FOR THIS ITEM OF DOLS. 14,519.

3. NET EFFECT OF ABOVE ACTIONS IS TO REDUCE ESTIMATED PROJECT BUDGET BY DOLS. 21,509 TO NEW TOTAL OF DOLS.

175,849 AS FOLLOWS:

SALARY: DOLS. 85,300; PERSONAL BENEFITS: DOLS 8530;
POST DIFFERENTIAL DOLS. 10,500; TRAVEL: DOLS 15,400;
PER DIEM: DOLS. 3,500; SHIPMENT/STORAGE: DOLS. 11,300;
POST ALLOWANCES: DOLS. 26,800; OVERHEAD: DOLS. 14,519.

4. THIS SHOULD HELP SABAH'S SELLING EFFORT A GREAT DEAL. WE BELIEVE THIS IS A REALISTIC BUDGET ESTIMATE FOR THE SCOPE OF SERVICES PROPOSED IN THE AGREEMENT, PROVIDED ABU DHABI GOVERNMENT PROVIDES ADEQUATE PROJECT SUPPORT DETAILED PER REFTEL. UNLESS THERE ARE CHANGES IN THESE PARAMETERS, THERE SHOULD NOT BE ANY "UNHAPPY SURPRISES" LATER WITH PROJECT COSTS. HOWEVER, WE TRUST THAT SABAH IS CLEAR THAT BUDGET PLAN IS SIMPLY CUSTOM'S PRESENT BEST ESTIMATE AND ACTUAL PROJECT COSTS COULD VARY SOMEWHAT AS PROJECT IS ACTUALLY IMPLEMENTED. AS SPELLED OUT IN AGREEMENT, CUSTOMS WILL PROVIDE GOVERNMENT WITH ITEMIZED ACCOUNTING OF ALL PROJECT EXPENDITURES UNDER WORKING FUND, AND ANY UNUSED FUNDS WILL BE RETURNED TO GOVERNMENT. USCS FULLY DESIRES TO SUPPORT INTEREST OF EMBASSY IN THIS LIMITED OFFICIAL USE

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PROJECT AND THEY WILL REDUCE DIRECT PROJECT FUNDING FOLLOWING AL-SABAH'S SUGGESTIONS. USCS HAS NOT HAD EXPERIENCE WITH HOST COUNTRIES PROVIDING SUPPORT AS PLANNED FOR THIS PROJECT. CONSEQUENTLY, CUSTOMS APPRECIATES EMBASSY INTERESTS AND DESIRES EFFORTS BE MAINTAINED IN THEIR BEHALF TO ASSURE ADEQUATE LOGISTIC RESOURCES AVAILABLE FOR PROJECT.

5. EMBASSY SHOULD REVISE BUDGET PLAN AS DETAILED IN PARAGRAPH 4 ABOVE AND RESUBMIT AGREEMENT TO AL-SABAH FOR APPROVAL AND SIGNATURE. PLEASE ADVISE.

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